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92d CONGRESS } HOUSE OF REPRESENTATIVES { REPORT  
1st Session } { No. 92-711

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FOREIGN ASSISTANCE AND RELATED PROGRAMS  
APPROPRIATION BILL, 1972

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DECEMBER 6, 1971.—Committed to the Committee of the Whole House on  
the State of the Union and ordered to be printed

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Mr. PASSMAN, from the Committee on Appropriations,  
submitted the following

REPORT

[To accompany H.R. 12067]

The Committee on Appropriations submits the following report in  
explanation of the accompanying bill making appropriations for  
Foreign Assistance and related programs for the fiscal year ending  
June 30, 1972.

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### SUMMARY OF THE BILL

Title	Item	Budget estimates of new (obligational) authority, fiscal year 1972	New budget (obligational) authority recommended in the bill	Bill compared with estimates
I	Foreign Assistance Act activities-----	\$3,085,218,000	\$2,162,555,000	-\$922,663,000
II	Foreign military credit sales-----	510,000,000	510,000,000	
III	Foreign assistance (other)-----	747,417,000	172,906,000	-574,511,000
IV	Export-Import Bank (limitation)----- <sup>1</sup>	(7,331,747,000)	(7,331,747,000)	
	<b>Total, new budget (obligational) authority-----<sup>2</sup></b>	<b>24,342,635,000</b>	<b>2,845,461,000</b>	<b>-1,497,174,000</b>

<sup>1</sup> Includes \$3,690,735,000 submitted as a budget amendment in H. Doc. 92-175.

<sup>2</sup> Includes \$726,335,000 submitted as budget amendments in H. Docs. 92-93, 92-122, 92-149 and 92-166.

### THE BUDGET ESTIMATES

President Nixon submitted estimates for new budget (obligational) authority based upon his new legislative proposal for the foreign aid program. Since the budget estimates and the new legislative proposal were submitted, the authorizing committees of Congress concluded that greater time was needed to consider the foreign aid reorganization and it was decided to continue the present program, with certain modifications, for the time being. The estimates for new budget (obligational) authority for activities provided in the Foreign Assistance Act of 1961, as amended (Title I of this bill), amount to \$3,085,218,000 for fiscal year 1972 or some \$642,533,000 above what was appropriated by Congress for the last fiscal year. In addition to the above request for new budget (obligational) authority, the President also requested borrowing authority of \$1,000,000,000 over the period of fiscal years 1972-1974 under his new foreign aid legislation but which was not included in the pending authorization measures.

In total, the President submitted estimates for new budget (obligational) authority amounting to \$4,342,635,000 for fiscal year 1972 for all programs considered in the accompanying bill.

THE BILL

The Committee recommends the appropriation of new budget (obligational) authority of \$2,845,461,000 for the programs contained in Titles I, II, and III of the bill, which is \$1,497,174,000 below the budget estimates and \$966,796,000 below the fiscal year 1971 appropriation, including supplementals. The Committee has approved the total limitations of \$7,331,747,000 proposed for the activities of the Export-Import Bank.

EFFECT OF COMMITTEE ACTION ON PROJECTED BUDGET EXPENDITURES (OUTLAYS) IN FISCAL YEAR 1972

It is estimated that the action of the Committee as set forth in the accompanying bill will reduce expenditures (outlays) projected for fiscal year 1972 by approximately \$440,000,000.

PERMANENT NEW BUDGET (OBLIGATIONAL) AUTHORITY-- FEDERAL FUNDS AND TRUST FUNDS

Funds for certain Government activities are authorized by permanent legislation and do not require action by the Congress during the annual appropriations process. Details of these activities appear in the appropriate tables at the end of this report.

These activities are estimated to total \$1,081,503,000 in fiscal year 1972, which is an increase of \$225,000,000 above fiscal year 1971.

STATUS OF AUTHORIZING LEGISLATION

Several items are included in the bill for which authorizing legislation has not yet been enacted. The items involved are as follows:

1. Foreign Assistance Act Activities—The bill includes \$2,127,300,000 for the Foreign Assistance Act activities. Excluded from this total are the following items which are not required to obtain annual authorizing legislation: Indus Basin Development Fund, loans; Administrative expenses, State; and the Overseas Private Investment Corporation, reserves. The authorization bills are presently pending in conference.

2. Foreign Military Credit Sales—The bill includes \$510,000,000 for the Foreign Military Credit Sales program. The authorization bill is presently pending in conference.

GENERAL STATEMENT

One of the important factors considered by the Committee in making the recommendations contained in the accompanying bill is the critical financial situation currently facing the United States. The

Federal public debt presently exceeds \$418 billion and the balance of payments deficit for 1970 exceeded \$4.7 billion. Moreover, the balance of payments deficit in the first 6 months of 1971 exceeded some \$9 billion. The Federal budget deficit for fiscal year 1971 amounted to \$23.2 billion and it is currently estimated that the budget deficit for fiscal 1972 will approximate \$28 billion on the unified budget basis. On the Federal funds basis, the fiscal year 1972 budget deficit will likely range between \$35 billion and \$40 billion. Because of this situation, the Committee feels that Federal expenditures must be reduced wherever possible in order to help combat the destructive effect of inflation on the U.S. economy and to help restore the United States to a more favorable competitive position in the world markets. The President has taken steps designed to curb inflation and to put the U.S. economy on a truly competitive basis with the economies of other nations, including a proposal to reduce foreign economic aid spending in fiscal year 1972 by 10 percent. In order to aid the President in achieving these desired goals, the Committee has reduced the total budget requests for new budget (obligational) authority for activities contained in the accompanying bill by \$1,497,174,000.

The Committee has noted the recent action of both Houses of Congress with respect to authorizing funds to finance the foreign aid program. On October 29, 1971, the Senate defeated the Foreign Assistance Act of 1971 (H.R. 9910) and in lieu of that authorization measure passed two separate authorization bills providing for a greater reduction of foreign aid funding than was proposed in H.R. 9910. These measures are presently pending in conference. The House recently accepted a conference report on the continuing resolution (H. J. Res. 946) which contained a provision reducing foreign aid funding to the lower of the rates that obtained during the period July 1-November 15, 1971 or the lowest rate provided for in foreign assistance authorization legislation passed by either House at the present session. This rate applies for the period from November 15 through December 8, 1971 and provides a funding level below that which was recently passed by the Senate in the two authorization bills, S. 2819 and S. 2820. The Committee has considered these recent actions in making the funding recommendations contained in the accompanying bill.

The Committee feels that the goals of the foreign assistance program can only be attained by receiving the maximum cooperation of all the recipient nations. However, in some cases, this cooperation has not been forthcoming. Several countries have overthrown their constitutional governments and in some instances have imposed very repressive measures on the population. Other countries, who are recipients of U.S. aid, have seized, expropriated, or nationalized certain property owned by U.S. individuals or investors. This particularly applies to

several countries in Latin America. At times when U.S. property is taken over by a country and a price is offered for the facility, the price is often below the U.S. investment and many months of difficult negotiations are required to reach some type of settlement. The Committee realizes that nations around the world are sovereign entities and the U.S. should not try to impose its will over these sovereign entities, but the Committee is critical of providing increased foreign aid or continuing present assistance programs to nations who are often the most flagrant violators of our foreign aid program objectives.

The Committee is particularly concerned over the present situation existing in Chile. The Government of Chile has recently taken over a subsidiary of the International Telephone and Telegraph Corporation. During negotiations with the telephone company concerning a fair settlement arrangement, the Chilean Government stated they considered the worth of the subsidiary to be \$19 million instead of the substantiated book value of \$150 million presented by company officials. The Government of Chile also announced recently that several large U.S. copper companies which were nationalized would be required to pay Chile \$774 million in "excess profits". According to agency officials, the U.S. Government is honoring existing foreign assistance agreements with the Chilean Government and other Chilean institutions, and people-to-people programs are being continued. Also, the multilateral institutions are continuing to disburse funds to this country. As of June 30, 1971, approximately \$180 million in undisbursed funds (pipeline) for Chile were available from institutions or activities contained in the accompanying bill. The practice of providing United States funds to a country which treats U.S. private investment in such a manner greatly disturbs the Committee. If the United States does not take strong action in these cases, such as suspending or terminating foreign assistance, what is to prevent other countries around the world from being encouraged to initiate similar procedures against U.S. private investment?

In this connection, it must be kept in mind that the Overseas Private Investment Corporation, which was created to insure against expropriation, among other reasons, has a total potential contingent liability of over \$8.5 billion when all programs are considered separately. If other countries should decide to proceed as Chile is now proceeding, the United States would be required to pay out substantial sums to these private investors. Because of the above facts, the Committee is of the opinion that United States funds should not be disbursed to Chile or to any other country while such an unfavorable atmosphere clouds the negotiations between the government of the country involved and the U.S. private investors.

The Committee also considered the tremendous investment the United States has in the various countries around the world in recommending the appropriations contained in the accompanying bill. In the past 25 years, every President (President Truman, President Eisenhower, President Kennedy, President Johnson and President Nixon) and every Congress felt that the protection of a country's freedom justified supplying U.S. assistance (funds and personnel)

to help in maintaining that freedom. For example, the U.S. investment in Korea has been considerable:

	<i>In billions</i>
Estimated Korean War costs, DOD (fiscal years 1950-54)	\$18.0
Cost of maintaining U.S. military forces in Korea (fiscal years 1954-70)	8.6
Military assistance grant aid program (fiscal years 1950-70)	3.0
Economic assistance programs (fiscal years 1946-70)	5.1
<b>Total</b>	<b>34.7</b>

#### U.S. MILITARY CASUALTIES IN THE KOREAN WAR

Killed in action	23,300
Dead from other causes	10,329
<b>Total deceased</b>	<b>33,629</b>
Wounded in action	105,785
Missing in action	5,866
Captured or interned	7,140

The U.S. investment in Vietnam is even larger:

	<i>In billions</i>
Estimated Vietnam War costs, DOD (fiscal years 1965-71)	\$119.8
Economic assistance programs (fiscal years 1954-70)	4.7
<b>Total</b>	<b>124.5</b>

#### U.S. MILITARY CASUALTIES IN VIETNAM (JAN. 1, 1961-Nov. 27, 1971)

Killed in action	38,225
Dead from other causes	9,954
<b>Total deceased</b>	<b>48,179</b>
Wounded	307,416
Missing	3,239
Captured or interned	487

A large portion of the funds recommended in the accompanying bill are needed to protect this astronomical U.S. investment and to allow the countries involved to assume a greater role in their own defense and development.

The listing of countries and the budget proposals for economic assistance, military assistance, security supporting assistance, and military credit sales contained in the report should not be interpreted as representing the views of the Committee as to recipients and amounts. These lists merely reflect the tentative allocations proposed by the Executive Branch in the fiscal year 1972 budget presentation as can be readily recognized by comparing the totals of the various lists to the amounts recommended in the bill. Since the budget was submitted, international conditions have changed and the actual assistance to any country would be dependent upon decisions as to the best interests of the United States.

#### NUMBER OF COUNTRIES RECEIVING U.S. AID

Since the inception of the foreign aid program, the U.S. has extended assistance to 127 nations around the world. In fiscal year 1972 alone, it is anticipated that 102 countries and territories will receive disbursements from prior year programs.

The fiscal 1972 proposed program indicates the following:

- 48 countries will receive military assistance,
- 67 countries will receive economic assistance,
- 83 countries will receive P.L. 480 assistance, and
- 53 countries will receive Peace Corps assistance.

Some of these countries receive only one type of assistance—either economic or military aid; others may receive both economic and military aid and many may receive assistance from the various aid programs contained in Titles II, III and IV of the accompanying bill.

#### TITLE I—FOREIGN ASSISTANCE ACT ACTIVITIES

Fiscal year 1971 appropriation-----	<sup>1</sup> \$2,442,685,000
Fiscal year 1972 estimate-----	<sup>2</sup> 3,085,218,000
Recommended in the bill-----	<sup>3</sup> 2,162,555,000

<sup>1</sup> Unobligated balances reappropriated.

<sup>2</sup> Unobligated balances requested to be reappropriated.

<sup>3</sup> Unobligated balances reappropriated.

The Committee recommends an appropriation of \$2,162,555,000 for activities funded under the Foreign Assistance Act of 1961, as amended, a reduction of \$922,663,000 below the budget estimates and \$280,130,000 below the fiscal 1971 appropriation level. A more detailed comparison of the total program appears in the table at the end of this report.

In addition to the new budget (obligational) authority recommended in the bill for the Foreign Assistance Act activities (Title I), other funds become available during the fiscal year which can be obligated. In fiscal year 1972, these funds are currently estimated to total \$370,485,000. This total consists of \$201,625,000 for receipts and reimbursements and \$168,860,000 for recoveries.

It should be noted that many assistance programs formerly funded under the Foreign Assistance Act of 1961, as amended, have been transferred to other departments and agencies and new programs have been created. Various examples of this situation can be cited. Several years ago the Overseas Private Investment Corporation (OPIC) was created to perform activities which were formerly administered by the Agency for International Development (AID). The Department of Defense appropriation estimates also contain \$2,250,-800,000 in military assistance funds and \$90,900,000 in economic assistance funds, which are primarily for countries in Southeast Asia.

During testimony before the Committee, it was brought out that U.S. foreign assistance of one form or another is provided to countries which have broken off diplomatic relations with the United States, to countries that are pro-Communist, and to countries where the present government in power is being threatened by certain leftist groups. While the Committee is of course interested in the development of democratic nations around the world, it is sometimes difficult to evaluate the success of U.S. efforts in accomplishing this desire. The Committee feels the U.S. Government should take steps to further tighten up the aid process so as to assure that all funds made available for foreign assistance would be allocated only to truly beneficial projects.

The intent of the accompanying bill is to recommend similar funds for programs which have been carried out under the Foreign Assistance Act of 1961, as amended.

#### ECONOMIC ASSISTANCE

Fiscal year 1971 appropriation-----	\$1,164,335,000
Fiscal year 1972 estimate-----	1,590,604,000
Recommended in the bill-----	1,010,555,000

The Committee recommends an appropriation of \$1,010,555,000, a reduction of \$580,049,000 below the budget estimates and \$153,780,000 below the fiscal year 1971 appropriation.

The Committee was pleased to note that an increased number of projects presented in testimony this year reflected an estimate of the date of possible completion and an estimate of the total cost to complete the various projects. The Committee continues to feel that this information should be provided on all the projects, whenever possible, and it hopes increased efforts will continue to be made to provide this data.

In the accompanying bill, the security supporting assistance program has been withdrawn from the "Economic assistance" category, where it has been located in past years, and is now carried as a separate item, which conforms with the authorizing legislation as passed the House.

During the testimony presented to the Committee, it was brought out that several requests for funds would not now be needed due to varying reasons. Specifically, the \$15,000,000 requested for transitional costs was able to be eliminated because of the deferment of the reorganization of the foreign aid program. The Committee has taken these request withdrawals into consideration in the accompanying bill.

#### WORLD-WIDE, TECHNICAL ASSISTANCE

Fiscal year 1971 appropriation-----	\$166,750,000
Fiscal year 1972 estimate-----	232,929,000
Recommended in the bill-----	150,000,000

The Committee recommends an appropriation of \$150,000,000, a reduction of \$82,929,000 below the budget estimate and \$16,750,000 below the fiscal 1971 appropriation.

According to the Agency for International Development (AID), technical assistance is designed to accelerate the process by which people are educated, skills transferred, and attitudes changed so that people can more effectively help themselves. This is accomplished by (1) modifying existing knowledge and techniques to make them applicable to the special circumstances of developing countries; (2) demonstrating how to put the adaptive research findings into actual operation; (3) fostering the adaptation of new ideas and skills in host country institutions; (4) providing training by formal education and skill development; and (5) providing skilled advisers.

The amended budget proposed a total program of \$244,220,000—to be financed by \$232,929,000 in new appropriations and \$11,291,000, currently estimated, in deobligations of prior year obligations and reimbursements and receipts. The total proposed budget program on

a regional or program basis for both Worldwide and Alliance for Progress, technical assistance is as follows:

Region or program	Proposed fiscal year 1972 program		
	Population	Other	Total
Latin America .....	\$17,574,000	\$80,350,000	\$97,924,000
Africa .....	7,665,000	58,800,000	66,465,000
Near East and South Asia .....	6,435,000	31,150,000	37,585,000
East Asia .....	10,325,000	24,300,000	34,625,000
Development research .....		8,500,000	8,500,000
Institutional grant, sec. 211(d) .....		4,500,000	4,500,000
Program support and interregional activities .....	34,085,000	79,690,000	113,775,000
Undistributed .....	13,951,000		13,951,000
<b>Total, fiscal year 1972 proposed program .....</b>	<b>90,035,000</b>	<b>287,290,000</b>	<b>377,325,000</b>
<b>Source of funding<sup>1</sup></b>			
Alliance for Progress, technical assistance .....	129,745,000	3,360,000	133,105,000
Worldwide, technical assistance .....	232,929,000	11,291,000	244,220,000
<b>Total .....</b>	<b>362,674,000</b>	<b>14,651,000</b>	<b>377,325,000</b>

<sup>1</sup> Reimbursement, new appropriations, and deobligations.

The Committee is aware that the United States pays international travel costs for participants from certain foreign nations to the United States in order for them to receive selected training which will be of benefit to them and their country. Where possible, the Committee feels that a firm policy should be adopted which would require the country who is sending participants to the United States to pay the international travel costs involved.

#### ALLIANCE FOR PROGRESS, TECHNICAL ASSISTANCE

Fiscal year 1971 appropriation .....	\$82,875,000
Fiscal year 1972 estimate .....	129,745,000
Recommended in the bill .....	75,000,000

The Committee recommends an appropriation of \$75,000,000, a reduction of \$54,745,000 below the budget estimate and \$7,875,000 below the fiscal year 1971 appropriation.

The amended budget proposed a total program of \$133,105,000—to be financed by \$129,745,000 in new appropriations and \$3,360,000 in receipts and reimbursements and recoveries of prior year obligations.

#### INTERNATIONAL ORGANIZATIONS AND PROGRAMS<sup>1</sup>

Fiscal year 1971 appropriation .....	\$103,810,000
Fiscal year 1972 estimate .....	<sup>2</sup> 141,000,000
Recommended in the bill .....	41,000,000

<sup>1</sup> In last year's appropriation bill, this was listed as "Multilateral organizations."

<sup>2</sup> Includes \$13,300,000 for the United Nations Relief and Works Agency which was funded from "Supporting assistance" in fiscal year 1971.

The Committee recommends an appropriation of \$41,000,000, a reduction of \$100,000,000 below the budget estimate and \$62,810,000 below the fiscal year 1971 appropriation.

The budget proposed a total program of \$141,135,000, to be financed by \$141,000,000 in new appropriations and \$135,000 in recoveries of

prior year obligations. Included in the estimate of \$141,135,000 are the following programs:

<i>Item</i>	<i>Proposed fiscal year 1972 program</i>
Multilateral technical assistance:	
U.N. development program-----	\$100, 000, 000
U.N. Children's Fund-----	13, 000, 000
U.N. population program-----	7, 500, 000
U.N. fund for drug abuse control-----	2, 000, 000
International Atomic Energy Agency—operational program-----	1, 550, 000
World Meteorological Organization—voluntary assistance program-----	1, 500, 000
U.N./FAO world food program-----	1, 500, 000
U.N. Institute for Training and Research-----	400, 000
World Health Organization—medical research-----	312, 000
International Secretariat for Voluntary Service-----	73, 000
U.N. Relief and Works Agency-----	13, 300, 000
Total, fiscal year 1972 proposed program-----	141, 135, 000

During Committee hearings, several points of interest were noted concerning the United Nations Development Program. It was stated in the hearings that certain recommendations which were suggested by the so-called "Jackson capacity study" had been implemented but it would be several years before concrete results could be seen.

The following testimony appeared on page 653, part 2 of the fiscal year 1972 hearings:

Mr. LONG. \* \* \* the Jackson report says you are going to have improved financial and budget planning, at least implementation of it would suggest that and these improvements have been implemented. How long before we see the results of this budget planning?

Mr. DE PALMA. Congressman Long, I think in all honesty I have to say it will take 2 or 3 years to see concrete results. The results we can show now are the administrative reorganization, and the start in preparation of country plans. But the results in terms of accomplishments are going to take at least 2 or 3 years.

Another point of interest discovered during the testimony before the Committee was that the United Nations Development Program had available a large reserve because it had been decided to abandon the practice of full funding of projects. It was estimated that this reserve would amount to \$343.3 million in 1970. The following testimony appeared on page 675 of part 2 of the hearings:

Mr. PASSMAN. \* \* \* You have built up a \$343 million reserve. It is so far in excess of your needs until you are going to pull \$150 million out and put that in a single account or dormant reserve and then you are going to take the other \$193 million in reserve, add that to what you requested, and enlarge upon the program?

Mr. DE PALMA. Yes, sir.

\* \* \* \* \* \* \* \* \* \* \* \* \*  
Mr. PASSMAN. How much of the \$193 million are you going to use?

Mr. DE PALMA. I don't know how much of it will be programmed.

Mr. PASSMAN. In fact, you could actually operate a full year without any money? That is just about the present funding level out of this reserve?

Mr. DE PALMA. Yes, sir.

The UNDP reserve situation was discussed with the Administrator of the Agency for International Development (AID) and he categorically stated that no bilateral aid program had this type of reserve on hand. It was also verified that the UNDP reserve would finance the expanded UNDP program for one year. The following information was supplied by the agency concerning this reserve which was created by switching the project funding to an annual basis:

"The Jackson Capacity Study went on to note that the switch to an annual basis would 'free—on a *one-time* basis—funds which could be available for a *one-time* burst of additional activity.'"

The Committee has specifically denied the entire budget request of the United Nations Development Program (UNDP) but the budget requests for all the other programs carried in this appropriation title have been recommended for approval in the full amount requested for fiscal year 1972. In denying the funds for the UNDP, the Committee justified this action on the basis that the practice of fully funding projects has been abandoned and now these projects will be funded on an annual basis. This change of funding procedure has resulted in the "freeing up" of large amounts of funds which the Committee feels should be utilized before additional contributions are solicited from the various countries involved.

It should also be noted that the total program levels for the UNDP have increased over the past several years by substantial amounts. The program levels are as follows: 1970—\$257.3 million, 1971—\$308.3 million, 1972—\$358.6 million.

The Committee understands the Executive Branch is studying the possibility of reducing the U.S. assessed contribution to the regular budget of the United Nations to no more than 25 percent of the total assessed cost of all members for any single budget year. The Committee would also urge the Executive Branch to study the possibility of reducing the U.S. voluntary contributions to various UN agencies to 25 percent of the total contributions pledged for any single budget year.

#### PROGRAMS RELATING TO POPULATION GROWTH

Fiscal year 1971 appropriation	-----	(1)
Fiscal year 1972 estimate	-----	(2)
Recommended in the bill	\$50,000,000	

<sup>1</sup> In fiscal 1971, this program was estimated to be funded at a level of \$100,000,000 mostly from the "Development loan" account.

<sup>2</sup> In the fiscal 1972 budget request, it was proposed to fund the program at a level of \$100,000,000 mostly from the "Technical assistance" program.

The Committee recommends an appropriation of \$50,000,000. As mentioned in the footnote above, this program was proposed in the budget to be funded at a level of \$100,000,000 mostly from the technical assistance program. The authorizing legislation as passed the House created a separate line item for programs relating to population growth and the Committee agrees the program should be funded as a separate item instead of receiving funds from some other appropriation account.

The details of the proposed fiscal year 1972 budget program follow:

	<i>Proposed fiscal year 1972 program</i>
Latin America—Total	<u>\$17, 574, 000</u>
Bolivia	335, 000
Central American regional organization (ROCAP)	326, 000
Chile	60, 000
Colombia	510, 000
Costa Rica	305, 000
Ecuador	818, 000
El Salvador	322, 000
Guatemala	997, 000
Honduras	575, 000
Jamaica	575, 000
Nicaragua	590, 000
Panama	438, 000
Paraguay	427, 000
Peru	350, 000
Uruguay	31, 000
Regional programs	<u>10, 915, 000</u>
Africa—Total	<u>7, 665, 000</u>
Ethiopia	200, 000
Ghana	886, 000
Central West Africa regional	700, 000
Kenya	500, 000
Liberia	219, 000
Morocco	600, 000
Tunisia	450, 000
Tanzania	535, 000
Uganda	336, 000
Regional programs	<u>3, 239, 000</u>
Near East/South Asia—Total	<u>6, 435, 000</u>
Afghanistan	318, 000
India	1, 050, 000
Nepal	695, 000
Pakistan	2, 880, 000
CENTO	85, 000
Regional programs	1, 159, 000
Turkey	248, 000
East Asia—Total	<u>12, 440, 000</u>
Indonesia	1, 825, 000
Korea	806, 000
Laos	515, 000
Philippines	5, 400, 000
Thailand	1, 600, 000
Regional programs	2, 300, 000
Vietnam	350, 000
U.N. population program	7, 500, 000
Interregional programs	34, 085, 000
Undistributed	<u>13, 951, 000</u>
Grand total, fiscal year 1972, proposed program	100, 000, 000

Note: Detail may not add to total due to rounding.

The Committee recognizes the fact that the increased rates of population growth present in certain countries have an effect on their economic development.

However during testimony before the Committee, it was revealed that of the funds provided for population programs in fiscal year 1971, \$4,270,000 remained undistributed or unused as of the end of the fiscal year. In fiscal year 1972, the Agency for International Development indicates that \$13,951,000 will be undistributed until additional requirements can be identified and precisely defined and developed. It therefore appears that the funds provided for population growth in the past year and the estimate for this fiscal year are in excess of what could normally be used by the Agency.

The Committee feels the amount recommended in the accompanying bill is sufficient to meet the needs of this program. The Committee is also of the opinion that AID should not be forced to obligate a specific amount for the population programs because this would cause waste due to the fact that less desirable projects would be selected in order to obligate the money. The funds should be spent on projects that have been properly justified and where a specific need for assistance has been identified.

#### AMERICAN SCHOOLS AND HOSPITALS ABROAD

Fiscal year 1971 appropriation	\$12,895,000
Fiscal year 1972 estimate	10,175,000
Recommended in the bill	17,200,000

The Committee recommends an appropriation of \$17,200,000, an increase of \$7,025,000 above the budget estimate and \$4,305,000 above the fiscal year 1971 appropriation. The Committee recommendation includes the following institutions and amounts:

American University of Beirut, Lebanon	\$6,000,000
Feinberg Graduate School of Weizmann Institute, Israel	1,500,000
University of the Americas, Mexico	1,500,000
Robert College, Turkey	1,000,000
Project HOPE	1,500,000
American Hospital in Rome, Italy	300,000
Program support	200,000
Unallocated funds appropriated	5,200,000
Total	17,200,000

Section 214 of the Foreign Assistance Act of 1961, as amended, authorizes the President to furnish assistance to schools, libraries, and hospital centers for medical education and research outside the United States when these institutions are founded or sponsored by U.S. citizens and meet various legislative and administrative criteria.

The Committee recommends \$1,500,000 for the University of the Americas in Mexico. Officials of the University and the Agency for International Development pointed out that the total program request is for \$5,000,000 to be utilized over a period of 3 years or longer and the funds would be used for capital improvement and not budget support. Also, in addition to the funds provided by the United States, it was stated that matching funds would be received from a private organization called the "Jenkins Foundation". Although the Com-

mittee considers this to be a good project, it felt, after certain testimony and discussion, that only \$1,500,000 could be effectively utilized the first year. While the Committee cannot commit subsequent Congresses, the request for the additional \$3,500,000 will be considered, when submitted, in light of the availability of funds and adequate justification at the time of consideration.

The Committee has not recommended funds for all of the projects named in the legislative reports of Congress because many are new and have not been considered by the Agency. No doubt all the requests have some merit, but many of the projects have not been considered by the U.S. Ambassador involved or even the foreign government where the project is located. While Congress has every right to include any meritorious project for funding, it is felt that it would be desirable to have as many projects as possible processed through established channels and be presented to Congress by the Agency for International Development.

Since many of the projects listed in the various legislative reports of Congress had not been considered by the AID agency, the Committee recommended \$5,200,000 in unallocated funds which should be used by the Agency for International Development to fund meritorious projects that have been properly justified before the Agency and meet their criteria. Projects selected for funding should be limited as near as possible to those discussed with the various committees of Congress.

#### INDUS BASIN DEVELOPMENT FUND, GRANTS

Fiscal year 1971 appropriation-----	\$4,925,000
Fiscal year 1972 estimate-----	15,000,000
Recommended in the bill-----	7,500,000

The Committee recommends an appropriation of \$7,500,000, a reduction of \$7,500,000 below the budget estimate and an increase of \$2,575,000 above the fiscal year 1971 appropriation.

The Indus Basin Settlement Agreements of 1960 and 1964 provided for the establishment of the Indus Basin Development Fund to finance a construction program which ensures an equitable division of the waters of the Indus Basin between India and Pakistan. The United States, the World Bank, Australia, New Zealand, Pakistan, the United Kingdom, Canada, Germany, and India contribute to the fund.

Due to the recent disruptions in Pakistan and India, the Committee anticipates that a slowdown in work on the Indus Basin project may occur which will result in a lower requirement for funds.

#### INDUS BASIN DEVELOPMENT FUND, LOANS

Fiscal year 1971 appropriation-----	\$6,980,000
Fiscal year 1972 estimate-----	12,000,000
Recommended in the bill-----	6,000,000

This appropriation is part of the previous item discussed above. The original authorization provided for \$51,220,000 to remain available until expended. In fiscal year 1969, Congress appropriated \$12,000,000 for this item and in fiscal year 1971, \$6,980,000 was appropriated, which left a balance of \$32,240,000 authorized for future years.

The Committee recommends an appropriation of \$6,000,000, a reduction of \$6,000,000 below the budget estimate.

CONTINGENCY FUND

Fiscal year 1971 appropriation-----	\$22,500,000
Fiscal year 1972 estimate-----	100,000,000
Recommended in the bill-----	30,000,000

<sup>1</sup> Includes \$7,500,000 provided in the Supplemental Appropriation Act of 1971 (P.L. 91-665).

The contingency fund is used for assistance needs which are unforeseen or cannot be accurately defined at the time the proposed program is prepared and submitted to Congress.

The Committee recommends an appropriation of \$30,000,000, a reduction of \$70,000,000 below the budget estimate and an increase of \$7,500,000 above the fiscal year 1971 appropriation.

During the testimony before the Committee, it was indicated that the major part of the budget request for the contingency fund would be used for refugee relief in East Pakistan. However, a subsequent budget amendment provided a separate line item for East Pakistan refugee relief and the accompanying bill includes the program as a separate item. The total amount requested for the contingency fund has been recommended to be reduced to reflect this separation.

The following amounts have been appropriated to the contingency fund for the past 4 fiscal years: 1968—\$10,000,000; 1969—\$5,000,000; 1970—\$12,500,000; and 1971—\$22,500,000.

REFUGEE RELIEF ASSISTANCE (EAST PAKISTAN)

Fiscal year 1971 appropriation-----	\$250,000,000
Fiscal year 1972 estimate-----	175,000,000
Recommended in the bill-----	175,000,000

The Committee recommends an appropriation of \$175,000,000.

As was mentioned previously, a subsequent budget amendment provided a separate line item to fund this program since the requirement for funds was a known one. The funds are to be used to provide assistance for the relief and rehabilitation of refugees from East Pakistan and for humanitarian relief in East Pakistan. Food resources under Public Law 480 will supplement the funds requested here.

The Agency for International Development estimates the total U.S. cost in fiscal year 1972 for this refugee assistance will total over \$600,000,000, broken down as follows:

FISCAL YEAR 1972 EAST PAKISTAN RELIEF ASSISTANCE		<i>Millions</i>
I. Requested dollar appropriation-----		\$250. 0
A. Committed to date:		
Refugee relief in India-----	20. 0	
Relief in East Pakistan-----	7. 0	
B. Anticipated:		
Refugee relief in India (depending on numbers of refugees present during year)-----	150. 0-200. 0	
Relief in East Pakistan (for UNEP/PRO operations, relief supplies, charter of transport equipment, etc.)-----	5. 0-30. 0	
Resettlement of refugees (if significant number return)-----	50. 0-75. 0	
II. Public Law 480-----		361. 0
A. Committed to date:		
East Pakistan relief:		
500,000 tons of wheat and 25,000 tons of oil under title I grant-----	40. 0	
100,000 tons of wheat and 75,000 tons of rice under title II for free distribution under U.N. auspices-----	33. 0	
35,000 tons of high protein blends under title II for UNICEF's child feeding program-----	11. 0	
Title II foodgrains provided under world food program-----	8. 0	
Refugee relief in India:		
90,000 tons of rice, 50,000 tons of oil, and 15,000 tons of bulgar to the Government of India under title II-----	35. 0	
Title II commodities provided through voluntary agencies-----	8. 0	
35,000 tons of high protein foods provided through UNICEF-----	11. 0	
B. Anticipated: Title II for refugee relief in India-----	150. 0-220. 0	
III. Local currency-----		4. 3
A. Committed to date:		
Refugee relief in Pakistan: 104(d) funds to help pay the local administrative costs of the U.N. relief operation-----	3. 5	
Refugee relief in India: 104(d) funds to help pay local costs of Voluntary Agency relief programs-----	. 8	

It is estimated by the Agency for International Development that more than 9.5 million East Pakistanis have fled their homes into India and additional refugees are continuing to flee. Also, many millions of Bengalis remaining in East Pakistan are threatened with famine.

The United States grant funds for refugees in India are part of the total international relief effort being coordinated by the UN High Commissioner for Refugees (UNHCR). Some of these grant funds are being made available directly to the Indian Government, some directly to the UN High Commissioner for Refugees, and some directly to other international voluntary agencies, depending upon the priority of needs and the capability of the agencies involved.

The relief efforts in East Pakistan focus on the most critical problems of the supply of food and its distribution. Funds are needed to help supplement Pakistan's transport capability, primarily on inland

waterways, since rail and road traffic are largely disrupted. Funds are needed to purchase or lease coasters, barges, tug boats, trucks and possibly smaller landing craft necessary to insure an adequate movement of food to major inland distribution points.

While the Committee is deeply concerned over the suffering which has resulted from the civil disturbances in East Pakistan, it is felt every effort should be made to obtain contributions from other countries to help share in the burden of this tragedy. The United States should not be put in a position of paying most of the bill for this international disaster.

Since the budget planning for this particular item is tentative at the present time, the Committee felt the allowance of the full budget request was not justified.

#### ALLIANCE FOR PROGRESS, DEVELOPMENT LOANS

Fiscal year 1971 appropriation-----	\$287,500,000
Fiscal year 1972 estimate-----	235,000,000
Recommended in the bill-----	150,000,000

The Committee recommends an appropriation of \$150,000,000, a reduction of \$85,000,000 below the budget estimate and \$137,500,000 below the fiscal year 1971 appropriation.

While the President may determine the terms of such loans, in actual practice the vast majority of the loans have maturity dates of 40 years with a 10 year grace period. The interest rate has varied since the inception of this program, from the original three-fourths of one percent during the life of the loan, up to the present minimum of 2 percent during the 10-year grace period and a minimum of 3 percent during the balance of the life of the loan.

The total proposed fiscal year 1972 program of \$310,200,000 consists of \$235,000,000 in new obligational authority, \$36,790,000 in receipts and reimbursements, and \$38,410,000 in recoveries of prior years' funds. A table showing the proposed fiscal year 1972 budget program follows:

Item	Proposed fiscal year 1972 program
Regional programs-----	\$5,000,000
Bolivia-----	10,000,000
Brazil-----	60,000,000
Central American Economic Community:	
Central America regional organization (ROCAP)-----	10,000,000
El Salvador-----	10,500,000
Guatemala-----	15,000,000
Honduras-----	9,000,000
Nicaragua-----	10,000,000
Colombia-----	75,000,000
Dominican Republic-----	15,000,000
Ecuador-----	14,000,000
Guyana-----	3,500,000
Jamaica-----	10,000,000
Panama-----	25,000,000
Paraguay-----	6,000,000
Peru-----	10,000,000
Uruguay-----	12,000,000
Eastern Caribbean regional program-----	10,000,000
Program support and interregional activities-----	200,000
Total, fiscal year 1972 proposed program-----	310,200,000

During fiscal year 1971, \$232,460,000 in loans were authorized by the Agency while the Congress appropriated \$287,500,000 in new obligational authority. The reason for this large difference between loans authorized and funds appropriated can be explained by the fact that large amounts were authorized for transfer from this account to other programs and, also, populations grants were funded from this loan account. In fiscal year 1972, the population program is recommended as a separate line item and will not be dependent on funding from other programs. Transfers are also planned to be kept to a minimum which means that the funds provided will be used to a greater extent for strictly development loan purposes. The Committee is of the opinion that the development loan fund should be utilized for that for which it was intended, to make loans, and not be used to provide grants or transfer funds.

DEVELOPMENT LOANS (WORLDWIDE)

Fiscal year 1971 appropriation-----	\$420, 000, 000
Fiscal year 1972 estimate-----	400, 000, 000
Recommended in the bill-----	250, 000, 000

The Committee recommends an appropriation of \$250,000,000, a reduction of \$150,000,000 below the budget estimate and \$170,000,000 below the fiscal year 1971 appropriation.

These funds are used to finance loans to the less developed countries in order to provide capital resources needed for growth. The loans finance the commodities and technical services necessary for the construction of essential facilities, such as schools, clinics, roads, dams and irrigation facilities and factories, and the import of a wide range of products. The terms of the loans are the same as described under the Alliance for Progress, Development Loans paragraph.

The total proposed program of \$605,300,000 consists of \$400,000,000 in new obligational authority, \$155,595,000 in receipts and reimbursements, and \$49,705,000 in recoveries of prior years' funds. A table showing the proposed fiscal year 1972 budget program follows:

Item	Proposed fiscal year 1972 program
Africa:	
Regional programs-----	\$16, 500, 000
Congo-----	5, 000, 000
Ethiopia-----	12, 000, 000
Ghana-----	15, 000, 000
Liberia-----	4, 000, 000
Morocco-----	11, 000, 000
Nigeria-----	16, 000, 000
Tanzania-----	3, 000, 000
Tunisia-----	10, 000, 000
Uganda-----	2, 500, 000
Near East and South Asia:	
India-----	220, 000, 000
Pakistan-----	110, 000, 000
Turkey-----	40, 000, 000
East Asia:	
Indonesia-----	100, 000, 000
Korea-----	20, 000, 000
Philippines-----	20, 000, 000
Program support and interregional activities-----	300, 000
Total, fiscal year 1972 proposed program-----	605, 300, 000

With regard to the total availability of funds estimated for fiscal year 1972 to be used strictly for development loan purposes, essentially the same explanation applies as was discussed under the Alliance for Progress, Development Loans heading. In addition to the fact that transfers are planned to be kept to a minimum and the population growth item will be funded as a separate program in fiscal year 1972, receipts and unobligated balances brought forward are estimated to increase markedly over fiscal year 1971. These facts were considered by the Committee in making the funding recommendations for this program.

As has been the case in the past, the Committee again found that certain development loans were authorized more than a year ago and no disbursements had yet been made and others were authorized several years ago and very little had yet been disbursed. The Committee feels these loans should be well planned and prepared to proceed before the loan is authorized and funds are obligated.

During testimony before the Committee, it was discovered that the Agency for International Development (AID) was providing an increased amount of loans to various regional banks and in some cases it appeared that AID was becoming involved in the same areas which the Overseas Private Investment Corporation (OPIC) was created to handle. In several instances, these regional banks would receive loans from the United States and they would in turn provide loans to finance specific programs in a certain country. In some cases, the Committee felt these regional banks had become an unnecessary "middleman" in the foreign assistance transaction and therefore added to the expense of administering the overall program. The Committee would also like to point out that certain overlap exists between the various agencies providing foreign assistance to the nations of the world. In one instance, it was discovered that AID was providing funds "to encourage private investment" which is one of the reasons why OPIC was created. The Committee feels these situations should be looked into and corrective action should be taken where necessary.

ADMINISTRATIVE EXPENSES, A.I.D.

Fiscal year 1971 appropriation-----	1 \$51,000,000
Fiscal year 1972 estimate-----	60,200,000
Recommended in the bill-----	54,600,000

<sup>1</sup> Excludes transfer in of \$6,800,000 as provided in the Second Supplemental Appropriation Act of 1971 (P.L. 92-18).

The Committee recommends an appropriation of \$54,600,000, a reduction of \$5,600,000 below the budget estimate and an increase of \$3,600,000 above the fiscal year 1971 appropriation.

ADMINISTRATIVE EXPENSES, STATE

Fiscal year 1971 appropriation-----	1 \$4,100,000
Fiscal year 1972 estimate-----	4,555,000
Recommended in the bill-----	4,255,000

<sup>1</sup> Excludes transfer in of \$205,900 as provided in the Second Supplemental Appropriation Act of 1971 (P.L. 92-18).

The Committee recommends an appropriation of \$4,255,000, a reduction of \$300,000 below the budget estimate and an increase of \$155,000 above the fiscal year 1971 appropriation.

This item does not require annual authorization and the details of the proposed budget program follow:

	<i>Proposed fiscal year 1972 program</i>
U.S. mission to the North Atlantic Treaty Organization-----	\$1, 921, 000
U.S. mission to the Organization for Economic Cooperation and Development-----	1, 195, 000
Mutual Defense Assistance Control Act (Battle Act)-----	1, 234, 000
Military assistance and arms sales supervision-----	205, 000
 Total, fiscal year 1972 proposed program-----	 4, 555, 000

During the hearings before the Committee, it was noted that \$22,700 was requested for an "environmental protection officer" and a secretary for the U.S. Mission to the North Atlantic Treaty Organization (NATO). The Committee could not agree there was a need for an environmental protection officer and a secretary for NATO and has specifically denied these funds.

**MILITARY ASSISTANCE**

Fiscal year 1971 appropriation-----	1 \$690, 000, 000
Fiscal year 1972 estimate-----	705, 000, 000
Recommended in the bill-----	552, 000, 000

<sup>1</sup> Excludes transfer in of \$60,000,000 from A.I.D. and includes \$340,000,000 provided in the Supplemental Appropriation Act of 1971 (P.L. 91-665).

The Committee recommends an appropriation of \$552,000,000, a reduction of \$153,000,000 below the budget estimate and \$138,000,000 below the fiscal year 1971 appropriation.

The proposed program for fiscal year 1972 of \$731,500,000 consists of \$705,000,000 in new obligational authority, \$4,000,000 in reappropriation of unobligated funds, \$18,500,000 in recoupments, and \$4,000,000 in reimbursements. The proposed fiscal year 1972 budget program is outlined in the following table:

<i>Item</i>	<i>Proposed fiscal year 1972 program</i>
East Asia and Pacific:	
Cambodia-----	\$200, 000, 000
China, Republic of-----	19, 500, 000
Indonesia-----	24, 990, 000
Korea-----	239, 400, 000
Malaysia-----	134, 000
Philippines-----	17, 000, 000
Regional-----	76, 000
Near East and South Asia:	
Afghanistan-----	(1)
Greece-----	19, 875, 000
India-----	(1)
Iran-----	942, 000
Nepal-----	(1)
Pakistan-----	(1)
Turkey-----	99, 770, 000
Regional costs-----	900, 000
Classified country programs:	
Jordan/Lebanon/Saudi Arabia-----	45, 513, 000
Europe:	
Austria-----	(2)
Portugal-----	1, 000, 000
Spain-----	13, 000, 000
Regional costs-----	<sup>3</sup> 82, 000

<sup>1</sup> Included in regional costs as \$881,000 total training only program.

<sup>2</sup> Under \$25,000, included in regional costs.

<sup>3</sup> Includes classified data.

<i>Item</i>	<i>Proposed fiscal year 1972 program</i>
<b>Africa:</b>	
Congo	\$477, 000
Ethiopia	12, 790, 000
Ghana	(4)
Liberia	500, 000
Mali	(4)
Nigeria	(4)
Senegal	(4)
Regional costs	327, 000
Classified country programs:	
Morocco/Tunisia	4, 915, 000
<b>Latin America:</b>	
Argentina	897, 000
Bolivia	666, 000
Brazil	892, 000
Chile	856, 000
Colombia	844, 000
Dominican Republic	539, 000
Ecuador	645, 000
El Salvador	374, 000
Guatemala	336, 000
Honduras	467, 000
Mexico	107, 000
Nicaragua	568, 000
Panama	173, 000
Paraguay	387, 000
Peru	792, 000
Uruguay	400, 000
Venezuela	734, 000
Regional cost	191, 000
Department of Defense nonregional	20, 441, 000
<b>Total, fiscal year 1972 proposed program</b>	<b>731, 500, 000</b>

<sup>4</sup> Included in regional costs as \$227,000 total training only program.

This appropriation estimate does not include funds for Laos, Thailand, Vietnam, NATO Infrastructure, support of Free World forces in Vietnam, and funds for International Military Headquarters. The budget estimates for these items in fiscal year 1972 total about \$2,300,-000,000. All these programs have been transferred to and are included in the budget estimates of the Defense Department.

The fiscal year 1972 program proposes to supply materiel and training programs to 13 countries and training only programs to 33 countries. As was previously mentioned in the general statement, these funds are needed to help protect the large U.S. investment made to maintain freedom around the world.

During testimony before the Committee, the following statements were made with regard to the need for the military assistance request (page 51, part 1 of the FY 1972 hearings):

Mr. PASSMAN. Mr. Secretary, is it not true that the majority of this request is needed to implement the Nixon doctrine?

SECRETARY LAIRD. There is no question about that, Mr. Chairman, and if we are going to make the Nixon doctrine work—if we are going to reduce the American military presence in Asia, to encourage the partnership strength that is the cornerstone of the Nixon Doctrine and to go forward with

our programs of negotiation—these funds are needed and necessary.

MR. PASSMAN, Simply stated, the important part of the Nixon Doctrine, is that we are willing to furnish the equipment to modernize their countries' military forces, but they are going to furnish the men and do the fighting in the future. It's just that simple, isn't it?

SECRETARY LAIRD. That is it.

In addition, the Committee was supplied with the following information which shows what troop reductions have been made possible as a result of the implementation of the Nixon Doctrine (page 52, part 1 of the FY 1972 hearings):

IMPLEMENTATION OF THE NIXON DOCTRINE IN ASIA

In the past 2 years, plans have been announced to reduce the U.S. presence in Asia by more than 300,000 personnel. This reduced presence is being replaced by improved capabilities of nations in the area, both through their own efforts and through U.S. assistance. The approximate personnel reductions, by country, include:

South Vietnam	-----	260, 000
Korea	-----	20, 000
Japan	-----	12, 000
Thailand	-----	16, 000
Philippines	-----	9, 000

Subsequent to the hearings, the Committee noted that the troop level in South Vietnam reached its highest point in fiscal year 1969 at a level of 542,000 and the troop level is estimated to be reduced to 159,000 by December 31, 1971. This is a reduction in personnel of 383,000.

The Committee feels these troop reductions result in a financial savings to the United States and the funds recommended for this program will help to bring about these reductions.

SECURITY SUPPORTING ASSISTANCE

Fiscal year 1971 appropriation	-----	<sup>1</sup> \$569, 600, 000
Fiscal year 1972 estimate	-----	764, 614, 000
Recommended in the bill	-----	575, 000, 000

<sup>1</sup> Includes \$155,000,000 provided in the Supplemental Appropriation Act of 1971 (P.L. 91-665).

The Committee recommends an appropriation of \$575,000,000, a reduction of \$189,614,000 below the budget estimate and an increase of \$5,400,000 above the fiscal year 1971 appropriation.

The Committee has taken note of the following statement which appeared on page 26 of House report 92-380 (House Foreign Affairs report of the Foreign Assistance Act of 1971):

"In the judgment of the committee, Israel is fully eligible to receive assistance under this chapter [Security Supporting Assistance] . . ."

This Committee also feels that Israel is eligible for security supporting assistance but a recommendation for a specific amount for Israel is not made because the exact amount required had not been fully determined when the Committee considered this item.

The amended budget proposed a total program of \$809,550,000 which is comprised of \$764,614,000 in new obligational authority and \$44,936,000 in reimbursements and recoveries of prior year obligations. The detail of the proposed fiscal year 1972 budget program follows:

<i>Item</i>	<i>Proposed fiscal year 1972 program</i>
Latin America: Haiti-----	\$3, 000, 000
Africa:	
Nigeria-----	4, 100, 000
Southern African region-----	300, 000
East Asia:	
Cambodia-----	110, 000, 000
Laos-----	50, 550, 000
Thailand-----	40, 000, 000
Regional-----	1, 400, 000
Near East and South Asia: Jordan-----	30, 000, 000
Vietnam-----	565, 000, 000
International organizations and programs: U.N. force in Cyprus-----	4, 800, 000
Program support-----	400, 000
 Total, fiscal year 1972 proposed program-----	 809, 550, 000
 Note: Congressional presentation-----	 825, 000, 000
Less:	
Administrative expenses-----	10, 000, 000
Public safety (non-Southeast Asia)-----	5, 450, 000
 Total-----	 15, 450, 000
 Grand total-----	 809, 550, 000

Supporting assistance is designed to affect the economic impact of extraordinary security or political events and over time to help the recipient nations achieve the means to support their own security efforts. Approximately 90 percent of the funds programed for fiscal year 1972 in this title are estimated to be allocated to Vietnam, Cambodia, Laos, and Thailand with the largest portion being programed for Vietnam.

During the hearings before the Committee, the following exchange took place on page 414 of part 2 of the fiscal year 1972 hearings concerning the budget request for Vietnam:

Mr. PASSMAN. . . . I have looked at the statistics and observe in your statement on page 3:

“Vietnam is now producing enough rice to meet its internal needs.”

Now barring any other considerations, that would be sufficient for this Congress to make a reduction below that of last year. I guess there are other factors you would have to take into account and we would have to take into account, but comparing the necessities of last year against this year, . . . that within itself would indicate they would not need as much money for food, would it not?

Mr. NOOTER. They will not need as much money for the importation of rice; yes, sir, that is correct.

Mr. PASSMAN. Is that not their main diet?

Mr. NOOTER. That is their principal staple, yes, sir.

Mr. PASSMAN. Yes; thank you.

The Committee realizes that the supporting assistance program is aimed at the achievement of the central theme of the Nixon Doctrine which is to have each country assume the primary responsibility for its own defense thereby reducing the need for U.S. military presence. However, the Committee is aware that in past years inefficiency and waste has plagued this program and other programs in Southeast Asia and the Committee feels that some of this waste can be attributed to the fact that tremendous amounts of funds were pumped into this area of the world without adequate controls. This year the budget request is approximately \$195,000,000 above what was appropriated in fiscal year 1971. It is difficult for the Committee to understand that program costs or requirements have increased that rapidly in one year and how this large increase in funds can be expended efficiently.

The Committee expects that the allocation of funds provided in the accompanying bill will be accomplished in such a manner so as not to retard the "Vietnamization" of programs in South Vietnam.

OVERSEAS PRIVATE INVESTMENT CORPORATION

Fiscal year 1971 appropriation.....	\$18,750,000
Fiscal year 1972 estimate.....	25,000,000
Recommended in the bill.....	25,000,000

The Committee recommends the full budget estimate of \$25,000,000, which is an increase of \$6,250,000 above the fiscal year 1971 appropriation.

The Overseas Private Investment Corporation (OPIC) is authorized to insure investments against inconvertibility, expropriation and war risks, to guarantee loans and other investments of eligible investors (not to exceed 75 percent of such investment), to make loans to firms privately owned or of mixed private and public ownership (excluding loans for mining or other extraction operations) and to encourage and support the promotion of private investment opportunities.

The Foreign Assistance Act of 1969 created the Corporation and authorized the sum of \$40,000,000 for the capital of the Corporation to be derived from repayments of prior development loans. This sum would be used as a direct investment fund to make loans directly to borrowers.

At the time the hearings were held in April, no loans had yet been made from this fund. In fact on June 21, 1971 in testimony presented by Dr. John Hannah, Administrator for the Agency for International Development, the following exchange was recorded (page 65, part 2 of the FY 1972 hearings):

Mr. PASSMAN. Also OPIC makes loans for American business people who want to open businesses abroad?

Dr. HANNAH. Yes; but they have a very minimal amount of money. They have not loaned any yet.

Mr. PASSMAN. From little acorns big trees grow.

Dr. HANNAH. It could.

Mr. PASSMAN. It does. The record shows how all of these programs get started. Look at the prior years' appropriations and what they requested this year. Their purposes, their intent and the legislation sets them up as a lending agency as well as a guarantee investment agency, does it not?

Dr. HANNAH. Yes; it could Mr. Chairman. I am only saying so long as I am the chairman of the board of OPIC we are not going into the loaning business.

Mr. PASSMAN. Doctor, you are very fair, but have I made a fair statement: under the legislation they had a request in for loans, did they not?

Dr. HANNAH. Yes; they did but they withdrew it. They have a small sum of money.

Despite the above testimony, the first loan was signed on June 30, 1971 for \$2,000,000. The Committee has also been told that OPIC is presently processing additional loan applications and several are nearing the approval stage. The loan was made to the Private Investment Company for Asia which is incorporated in Panama and domiciled in Tokyo. The following fact sheet is supplied concerning this loan:

PRIVATE INVESTMENT COMPANY FOR ASIA S.A. (PICA)

Amount of loan: \$2,000,000.

United States—Directors:

Eugene R. Black.

Emilio G. Collado,\* Executive Vice-President, Standard Oil Company (New Jersey)

Mark C. Feer, General Partner, Kuhn, Loeb & Co.

Jacques G. Maisonneuve, President, IBM World Trade Corporation.

George S. Moore, Chairman of the First National City Bank.

Stanley de J. Osborne,\* Partner, Lazard Freres & Co.

Rudolph A. Peterson,\* Chairman of Executive Committee, Bank of America.

Purpose of the Corporation: It is a multinational corporation organized to make and facilitate private capital investments in developing countries of Asia.

Where located: Main office is in Tokyo, head office is in Panama City, Panama and they have a regional office in Singapore.

When started: They have been in operation for two years as of this past December 31, 1970.

Capitalization: Initial authorized capital was \$40,000,000. As of December 31, 1970, \$24,000,000 had been paid-in.

It appears that OPIC is providing loans to foreign corporations when U.S. businesses are having a difficult time obtaining similar loans from the Federal Government.

According to material provided to the Committee, the total potential contingent liability of OPIC as of September 30, 1971, exceeds \$8,500,000,000 if all the programs administered by OPIC are considered separately. The potential contingent liability amount is broken down as follows:

Contracts issued under previous authorities:

Current coverage-----	\$3,194,366,891.35
Standby options-----	3,130,313,034.61
Total-----	6,324,679,925.96

## Contracts issued by OPIC:

Current coverage-----	924, 983, 489. 77
Standby options-----	1, 252, 971, 053. 95
Total-----	2, 177, 954, 543. 72

## Grand total contracts outstanding:

Current coverage-----	4, 119, 350, 381. 12
Standby options-----	4, 383, 284, 088. 56
Total-----	8, 502, 634, 469. 68

In this connection, it should be pointed out that the present potential claims possible as a result of the actions taken by the country of Chile amount to about \$270,000,000 while the total insurance reserve which can be applied to these claims is estimated to total a maximum amount of \$152,000,000 on June 30, 1972. The total potential claims of this one country would liquidate the entire insurance reserve of OPIC which has been built up for the last twenty years and a short fall of \$118,000,000 would result.

The Committee feels OPIC is becoming overextended in its financial commitments around the world. This can certainly be documented by the fact that the Overseas Private Investment Corporation has a total potential liability of over \$8,500,000,000 when all programs administered by OPIC are considered separately and the total maximum reserves are estimated to amount to only \$222,000,000 on June 30, 1972. In addition, if the situation in Chile went completely down the drain, OPIC's reserves would not be adequate to meet all the potential claims for this one country alone. The U.S. must slow down these programs.

## INTER-AMERICAN SOCIAL DEVELOPMENT INSTITUTE

Fiscal year 1971 limitation <sup>1</sup> -----	(\$10, 000, 000)
Fiscal year 1972 limitation request-----	(11, 000, 000)
Recommended in the bill-----	

<sup>1</sup> Limitation on obligations.

The Committee has denied the budget request for limitation on obligations.

The Institute was created by the Foreign Assistance Act of 1969. The President made the following statement about the Institute:

The Institute will provide grant support for innovative, experimental programs undertaken primarily by private nonprofit organizations. It is designed as a pilot project to bring the dynamism of U.S. and Latin American private groups to bear on development problems through people-to-people programs, and to help broaden the participation of individuals in the processes of development.

The authorizing legislation provided that not to exceed \$50,000,000 shall be available to the Institute from the economic assistance funds of the Foreign Assistance Act of 1961, as amended over a two year period. At the present time, the entire \$50,000,000 has been transferred to the Institute from the Agency for International Development.

The unobligated balance as of June 30, 1971 was estimated to have been \$49,618,000.

The authorizing legislation also authorizes the Institute to make direct loans. As was discussed under the previous title concerning the Overseas Private Investment Corporation, approximately 13 or 14 other foreign assistance loan programs are in existence and another agency is not needed to perform this function.

The Committee also does not feel another agency is needed to disburse grant aid to Latin America.

## TITLE II—FOREIGN MILITARY CREDIT SALES

Fiscal year 1971 appropriation-----	<sup>1</sup> \$700, 000, 000
Fiscal year 1972 estimate-----	510, 000, 000
Recommended in the bill-----	510, 000, 000

<sup>1</sup> Includes \$500,000,000 for credit sales to Israel provided in the Supplemental Appropriation Act of 1971 (P.L. 91-668).

The Committee recommends the budget estimate of \$510,000,000. The Committee is of the opinion that of this total, \$300,000,000 should be made available for credit sales to Israel. All credit sales for Israel must meet established criteria, as prescribed for all countries participating in this program.

The proposed program for fiscal year 1972 is estimated to be \$582,000,000, of which \$96,000,000 will be privately financed and \$24,000,000 will be set aside as a 25 per cent guaranty reserve for this private financing. The details of the proposed fiscal year 1972 budget program are as follows:

<i>Item</i>	<i>Proposed fiscal year 1972 program</i>
East Asia and Pacific:	
China, Republic of-----	\$45, 000, 000
Korea-----	15, 000, 000
Malaysia-----	7, 500, 000
Singapore-----	7, 500, 000
Near East and South Asia:	
Greece-----	60, 000, 000
India-----	5, 000, 000
Pakistan-----	5, 000, 000
Classified country programs:	
Israel/Jordan/Lebanon/Saudi Arabia-----	350, 000, 000
Africa:	
Congo-----	2, 000, 000
Classified country programs-----	15, 000, 000
Latin America:	
Argentina-----	15, 000, 000
Brazil-----	20, 000, 000
Chile-----	5, 000, 000
Colombia-----	8, 000, 000
Guatemala-----	5, 000, 000
Uruguay-----	2, 000, 000
Venezuela-----	15, 000, 000
Total, fiscal year 1972 proposed program-----	582, 000, 000

The present terms on the credit arrangements are as follows: (1) maximum maturity in 10 years, and (2) the interest rate charged is not less than the prevailing cost of money to the U.S. Government at the time of the transaction.

**TITLE III—FOREIGN ASSISTANCE (OTHER)**

**FUNDS APPROPRIATED TO THE PRESIDENT**

**PEACE CORPS**

Fiscal year 1971 appropriation-----	\$90,000,000
Fiscal year 1972 estimate-----	82,200,000
Fiscal year 1972 authorization-----	77,200,000
Recommended in the bill-----	60,000,000

The Committee recommends an appropriation of \$60,000,000, a reduction of \$22,200,000 below the budget estimate and \$30,000,000 below the fiscal year 1971 appropriation.

On July 1, 1971, the Peace Corps became a part of the agency known as "Action." This agency was created by the President's reorganization plan and consists of the Peace Corps, Volunteers in Service to America (VISTA), Service Corps of Retired Executives (SCORE), Active Corps of Executives (ACE), Foster Grandparents, and the Retired Senior Volunteer Program (RSVP). In addition, it was proposed to transfer the Teacher Corps to Action.

When you include the budget request of \$82,200,000, the total amount appropriated to the Peace Corps has been in excess of \$993,000,000 since its inception. Even the most ardent supporters of the Peace Corps would have difficulty in listing the accomplishments attained from this huge investment.

During the Committee hearings, it was noted that the Peace Corps program had been terminated in 14 countries for various reasons. Most of these 14 countries are presently receiving some type of U.S. technical assistance and Dr. Hannah, the Administrator of the Agency for International Development (AID), stated the following in testimony before the Committee concerning the AID technical assistance program (page 126, part 2, of the FY 1972 hearings):

Dr. HANNAH. I know of no instance where a country has specifically requested us to suspend our bilateral technical assistance program or to recall our U.S. technicians administering the programs.

These facts raise a basic question; why is the Peace Corps program being terminated in these countries while the regular bilateral technical assistance program is being continued, in most instances? Possibly the answer lies in the fact that the Peace Corps does not respond to the basic needs of the host country to the same extent as does the regular bilateral technical assistance program.

The following table lists the 14 countries where the Peace Corps program has been terminated:

COUNTRY PROGRAMS TERMINATED

Country and Date:

1. Cyprus—February, 1964.
2. Indonesia—May, 1965.
3. Pakistan—June, 1967.
4. Mauritania—June, 1967.
5. Gabon—December, 1967.
6. Tanzania—September, 1969.
7. Libya—September, 1969.
8. Somali Republic—December, 1969.
9. Ceylon—(This is the second time the program was terminated)—  
October 1970.
10. Nigeria—December, 1970.
11. Panama—May, 1971.
12. Bolivia—June, 1971.
13. Guyana—July, 1971.
14. Guinea—(This is the second time the program was terminated)  
July, 1971.

It should be noted that some terminations were brought about because of the bad conduct and behavior of some of the Peace Corps volunteers. Also, some of these terminations can most likely be attributed to the fact that volunteers are not required to support the policies of our Government as is the case with other U.S. officials working abroad.

On page 729 of part 1 of the fiscal year 1972 hearings, the Chairman of the Foreign Operations Subcommittee discussed the subject of unobligated balances and as the testimony reveals, in quite a few years since the inception of the Peace Corps program, a substantial unobligated balance was available at the end of the fiscal year. Also, in many of those years, budget amendments were received adjusting the request from what was originally submitted in the regular budget. These facts indicate that there has been a high degree of uncertainty in the actual needs of the Peace Corps over the years and as the record shows, these needs were usually overestimated by the agency.

The Peace Corps estimates that by the end of fiscal year 1972, they will be operating in 53 countries of the world.

DEPARTMENT OF THE ARMY—CIVIL FUNCTION

RYUKYU ISLANDS, ARMY, ADMINISTRATION

Fiscal year 1971 appropriation-----	\$6,736,000
Fiscal year 1972 estimate-----	4,564,000
Recommended in the bill-----	4,216,000

<sup>1</sup> Includes \$260,000 provided in the Second Supplemental Appropriation Act of 1971 (P.L. 92-18).

The Committee recommends an appropriation of \$4,216,000, a reduction of \$348,000 below the budget estimate and \$2,520,000 below the fiscal year 1971 appropriation.

The proposed program as estimated in the fiscal year 1972 amended budget request provides for the following:

<i>Item</i>	<i>Proposed fiscal year 1972 program</i>
Administrative activities:	
Pay of personnel-----	\$2,913,000
Travel of civilian employees-----	187,000
Information materials and services-----	48,000
Operating expenses-----	166,000
 Subtotal-----	 3,314,000
Aid to Ryukyuan economy: Reimbursement for government services-----	1,250,000
 Total, fiscal year 1972 proposed program-----	 4,564,000

It was stated before the Committee that all of the \$1,250,000 requested for "Aid to Ryukyuan Economy" will be used to reimburse the Government of the Ryukyu Islands for public safety operations performed on behalf of U.S. military forces and their dependents in the Ryukyus. Upon reversion of the Islands to Japan, the public safety operations will become the responsibility of the Government of Japan.

During the hearings before the Committee, it was noted that \$48,000 was requested for "Information, materials, and services" which would be used to maintain and strengthen the U.S. image in the Ryukyus. The Committee is of the opinion that the U.S. image has already been "strengthened" as much as possible and additional funds for that purpose are not justified.

The reversion of the Ryukyu Islands to Japan is scheduled to take place in 1972.

**DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE**

**ASSISTANCE TO REFUGEES IN THE UNITED STATES**

**(CUBAN REFUGEE PROGRAM)**

Fiscal year 1971 appropriation-----	\$112,130,000
Fiscal year 1972 estimate-----	144,103,000
Recommended in the bill-----	100,000,000

<sup>1</sup> Includes \$130,000 provided in the Second Supplemental Appropriation Act of 1971 (P.L. 92-18).

The Committee recommends an appropriation of \$100,000,000, a reduction of \$44,103,000 below the budget estimate and \$12,130,000 below the fiscal year 1971 appropriation.

This program was established in 1961 to alleviate the impact of Cuban refugees on State and local resources by reimbursing State and local agencies for certain types of expenditures made on behalf of the refugees and to aid the refugees in becoming self-supporting through training, rehabilitative services, and resettlement from the port of entry (Miami) to opportunities in other parts of the country.

The proposed budget program is detailed as follows:

<i>Activity</i>	<i>Proposed fiscal year 1972 program</i>
1. Welfare assistance and services:	
Florida:	
a. Financial assistance to needy refugees-----	\$27,078,000
b. Transitional resettlement allowances-----	1,200,000
c. Care of unaccompanied children-----	846,000
d. Distribution of surplus commodities-----	116,000
e. Hospitalization-----	8,000,000
f. State administration-----	2,760,000
Subtotal (Florida)-----	<u>40,000,000</u>
States other than Florida:	
Financial and medical assistance to needy resettled refugees-----	68,000,000
Subtotal, welfare assistance-----	<u>108,000,000</u>
2. Resettlement-----	<u>6,338,000</u>
3. Education:	
a. Assistance to public school systems-----	14,338,000
b. Vocational and English training for youth and adults-----	1,200,000
c. Loans to students-----	6,000,000
d. Professional training and placement-----	300,000
Subtotal, education-----	<u>21,838,000</u>
4. Health services:	
a. Refugee health clinic-----	2,027,000
b. Outpatient hospital services-----	1,064,000
c. Maternal and child health, and school health services-----	234,000
d. Hospitalization for long-term illness-----	638,000
Subtotal, health services-----	<u>3,963,000</u>
5. Movement of refugees from Cuba-----	<u>1,050,000</u>
6. Program administration-----	<u>2,914,000</u>
Total, fiscal year 1972 proposed program-----	<u>144,103,000</u>

In view of the fact that the Castro government has recently terminated the Cuban airlift for certain periods, the Committee feels that the reduced inflow of refugees will result in decreased funding requirements for fiscal year 1972.

#### DEPARTMENT OF STATE

##### MIGRATION AND REFUGEE ASSISTANCE

Fiscal year 1971 appropriation-----	\$5,706,000
Fiscal year 1972 estimate-----	8,690,000
Recommended in the bill-----	8,690,000

<sup>1</sup> Includes \$67,000 provided in the Second Supplemental Appropriation Act of 1971 (P.L. 92-18) but excludes \$10,000,000 transferred in from A.I.D.

The Committee recommends the budget request of \$8,690,000, which is an increase of \$2,984,000 above the fiscal year 1971 appropriation. As noted above, an additional \$10,000,000 was transferred to this account in fiscal year 1971 from the Agency for International Development for East Pakistan refugee relief.

The proposed budget program is outlined below:

<i>Item</i>	<i>Proposed fiscal year 1972 program</i>
1. Intergovernmental Committee for European Migration-----	\$3,250,000
2. United Nations High Commissioner for Refugees-----	1,000,000
3. Refugees from European Communist Countries (USRP)-----	2,900,000
4. Refugees from Communist China (FERP)-----	500,000
5. International Committee of the Red Cross-----	50,000
6. Administration-----	990,000
Total, fiscal year 1972 proposed program-----	<u>8,690,000</u>

FUNDS APPROPRIATED TO THE PRESIDENT

INTERNATIONAL FINANCIAL INSTITUTIONS

The Committee is deeply concerned over the trend to direct an increasing amount of U.S. foreign assistance through the multilateral institutions while at the same time decreasing the bilateral aid program. In the next two fiscal years, the Congress could be requested to appropriate over \$2,500,000,000 to the international financial institutions if all pending and enacted authorization requests are considered. With the possibility of Congress being confronted with these large requests for U.S. funds for the multilateral institutions, the Committee felt certain details should be brought forth. It was indicated in the Committee hearings that the same degree of detailed examination which is possible in the bilateral foreign assistance programs is not possible in the multilateral assistance programs. The Congress does not know when, where or how the budget requests will be disbursed by these multilateral organizations because they do not justify their requests by specific project. When information is available on a specific project it is usually after the project has already been approved. In addition, some informed individuals feel the appropriation requests for these multilateral institutions should not be reduced because agreements have been entered into with the countries involved and Congress has enacted the required authorizing legislation needed to enter into these agreements. However, in the Committee hearings, it was clearly stated that all agreements entered into with these countries are subject to the condition that a subsequent appropriation be made. The following excerpts from pages 294 and 295 of part 1 of the Committee hearings for fiscal year 1972 clarify this situation:

Mr. PASSMAN. Let me ask you this question. If the Congress, in its wisdom, should decide that they are not going to give you a dollar, we would not be violating any legal commitment, would we?

Mr. COSTANZO. No, sir. \* \* \*

Mr. PASSMAN. Wait a minute, I want an answer. Would we violate any legal commitment. He said "no." Are you saying the same thing?

Mr. PETTY. I am saying the U.S. Government has a binding obligation on the basis of authorizing legislation. Congress has authorized us to vote for the resolutions providing for these subscriptions.

Mr. PASSMAN. Subject to a subsequent appropriation, isn't that correct?

Mr. PETTY. Absolutely; yes, sir.

The Committee feels that if it is denied the right to make justified reductions in the budget requests submitted for the International Financial Institutions, the established appropriation process will be voided and the Committee will be only a rubber stamp for these institutions.

The Committee is of the opinion that if the appropriation requests were reduced for these international financial institutions, new agreements would not be too difficult to renegotiate. Notwithstanding the trend toward the multilateral approach to foreign assistance, the Committee feels that Congress should have control over determining the amount of U.S. funds to be allocated to these institutions. All budget requests for U.S. funds must compete on a priority basis taking into account the then existing financial situation in the U.S. and the Committee feels the funding requests for the international financial institutions should not be exempt from this process.

INTER-AMERICAN DEVELOPMENT BANK

Fiscal year 1971 appropriation	-----	\$275,000,000
Fiscal year 1972 estimate	-----	261,760,000
Recommended in the bill	-----	

<sup>1</sup> Provided in the Second Supplemental Appropriation Act of 1971 (P.L. 92-18).

The Committee has disallowed the full budget request of \$261,760,000. The amended budget request of \$261,760,000 consists of the following items: \$75,000,000 for paid-in ordinary capital, \$136,760,000 for callable ordinary capital, and \$50,000,000 for the Fund for Special Operations.

It should be noted that as of June 30, 1971, over \$1,900,000,000 in undisbursed loans were held by the Bank. In addition to this budget request, the Inter-American Development Bank is also requesting an authorization of \$450,000,000 for fiscal year 1972.

Excluding the \$50,000,000 requested for paid-in ordinary capital, the balance of the request (\$211,760,000) was submitted as a budget amendment in H. Doc. 92-149. The budget amendment requested the exact amount that was reduced by Congress from the Bank's request in the Second Supplemental Appropriation Act of 1971 (P.L. 92-18).

It should also be noted that the \$275,000,000 provided to the Inter-American Development Bank (IDB) in the Second Supplemental Appropriations Act, 1971 (P.L. 92-18) approved in May, 1971 has not been utilized at this time. It would appear to the Committee that the

Executive Branch is not anxious to renegotiate new agreements in anticipation that the reductions made in the Second Supplemental would be reinstated. As has been pointed out above, U.S. funds are available to the IDB if new agreements are negotiated.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Fiscal year 1971 appropriation-----	\$246,100,000
Fiscal year 1972 estimate-----	
Recommended in the bill-----	

The Committee has disallowed the full budget request of \$246,100,000. The budget request consists of \$24,610,000 for paid-in capital and \$221,490,000 for callable capital.

The request was submitted as a budget amendment and it is the same request disallowed by the Congress in the Second Supplemental Appropriation Act of 1971 (P.L. 92-18). During testimony before the Committee in consideration of the Second Supplemental Appropriation bill, it was stated at that time that the cash position or the money needs of the World Bank were not the reasons for the supplemental request. The two reasons given for the request of funds were:

- (a) to maintain the U.S. voting position in the Bank, and
- (b) since over the years the U.S. has urged other countries to pay in their special capital increases, we should now provide funds to pay the U.S. capital increase.

According to U.S. officials at the World Bank, the justifications for the present request of funds remain essentially the same as they were when the supplemental request was considered.

The Committee feels the U.S. voting position in the Bank would not decrease significantly and the U.S. would still be by far the largest contributor to this institution if these funds are not allowed.

TITLE IV—EXPORT-IMPORT BANK OF THE  
UNITED STATES

Fiscal year 1971 limitation on program activity-----	(\$4,075,483,000)
Fiscal year 1971 limitation on administrative expenses-----	(7,048,000)

Total, fiscal year 1971 limitation-----	(4,082,531,000)
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Fiscal year 1972 limitation on program activity-----	<sup>1</sup> (7,323,675,000)
Fiscal year 1972 limitation on administrative expenses-----	(8,072,000)

Total, fiscal year 1972 limitation-----	(7,331,747,000)
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<sup>1</sup> Includes a budget amendment of \$3,690,735,000 submitted in H. Doc. 92-175.

The Committee recommends the full budget request of \$7,323,675,000 for the limitation on program activity which is \$3,248,192,000 above the limitation for fiscal year 1971. The Committee also recommends the full budget request of \$8,072,000 for the limitation on administrative expenses which is \$1,024,000 above the limitation for fiscal 1972:

The following table shows the Bank's estimated activity for fiscal year 1972:

<i>Item</i>	<i>Proposed fiscal year 1972 activity</i>
Loan program:	
Equipment and services authorizations-----	\$2,765,000,000
Commodity authorizations-----	75,000,000
Medium-term discount authorizations-----	862,000,000
Short-term discount authorizations-----	3,600,000,000
Special foreign trade authorizations-----	50,000,000
Subtotal, gross loan authorizations-----	<u>7,352,000,000</u>
Less: Participations in and cancellations of loans authorized during fiscal year 1972-----	<u>802,000,000</u>
Net loan authorizations-----	<u>6,550,000,000</u>
Guarantee and insurance program:	
Authorization of new and renewed policies-----	4,100,000,000
Less: Repayment and cancellations on guarantees and insurance-----	<u>2,224,000,000</u>
Subtotal-----	<u>1,876,000,000</u>
Less: Reduction from use of fractional reserve and adjustments-----	<u>1,337,425,000</u>
Charge to new program activity for guarantees and insurance-----	<u>538,575,000</u>
Other charges to program activity:	
Interest and nonadministrative expenses <sup>1</sup> -----	235,000,000
Equipment <sup>1</sup> -----	100,000
Total other than for administrative expense: "New Program Activity"-----	<u>7,328,675,000</u>
Administrative expense <sup>1</sup> -----	<u>8,072,000</u>
Total, fiscal year 1972 proposed activity-----	<u>7,331,747,000</u>

<sup>1</sup> On the accrual basis.

As has been previously noted, a budget amendment was received by Congress on November 16, 1971 (H. Doc. 92-175) to increase the limitation on program activity by \$3,690,735,000 for the Export-Import Bank. According to the budget amendment and material supplied to the Committee, the major part of the amended request (\$3,000,000,000) will be used to initiate a new short-term discount loan program. This program is designed to provide U.S. commercial banks with assurances that if their liquidity situation tightens, their short-term export financing commitments can be met through short-term loans from Eximbank on their eligible export financing paper. The interest rate differential between the Eximbank loan and the underlying export paper will be sufficient to cover the commercial bank's cost associated with their loan, but will not provide a profit incentive to use Eximbank's funds.

According to the Ex-Im Bank, there is presently a great need for a program which can assure U.S. commercial banks that adequate back-up liquidity for short-term financing of U.S. exports will be available in times of money shortages. Apparently, the absence of such a facility is hampering our Nation's exporters who rely on short-term financing as an essential part of their export sales package.

This program is part of the overall strategy to financially support U.S. exports and strengthen the U.S. balance of payments position.

The Committee looks upon the operations of the Export-Import Bank as an asset to American financial operations. Not only does the Bank promote U.S. exports abroad, it benefits U.S. private business by allowing them to earn greater profits by increasing their exports and the inflow of tax revenue to the U.S. Treasury is increased by the fact that larger corporate profits are being earned.

#### LIMITATIONS AND LEGISLATIVE PROVISIONS

The following limitations and legislative provisions not heretofore carried in connection with any appropriation bill are recommended:

On page 10, in connection with General Provisions:

*Sec. 112. The funds appropriated or made available pursuant to this Act are provided notwithstanding the provisions of section 10 of Public Law 91-672.*

On page 10, in connection with General Provisions:

*Sec. 113. None of the funds appropriated or made available pursuant to this Act may be used to provide assistance, except assistance relating to refugee relief and rehabilitation and humanitarian relief, to India and Pakistan while these countries are involved in armed conflict with one another, unless the President determines that the furnishing of such assistance is important to the national security of the United States and reports within thirty days each such determination to the Congress.*

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1971 AND THE BUDGET ESTIMATES FOR 1972**

**PERMANENT NEW BUDGET (OBLIGATIONAL) AUTHORITY—FEDERAL FUNDS**

[Becomes available automatically under earlier, or "permanent" law without further, or annual, action by the Congress. Thus, these amounts are not included in the accompanying bill]

Agency and item (1)	New budget (obligational) authority, 1971 (2)	Budget estimates of new (obligational) authority, 1972 (3)	Increase (+) or decrease (-) (4)
Export-Import Bank: Program activity (indefinite authorization to spend agency debt receipts)-----		\$225,000,000	+\$225,000,000

**PERMANENT NEW BUDGET (OBLIGATIONAL) AUTHORITY—TRUST FUNDS**

Economic assistance: Technical assistance: U.S. dollars advanced from foreign governments-----	\$6,000,000	\$6,000,000	-----
Military assistance: Advances, foreign military sales (contract authorization)-----	850,000,000	850,000,000	-----
Peace Corps: Miscellaneous trust funds-----	503,000	503,000	-----
Total, permanent new budget (obligational) authority, trust funds-----	856,503,000	856,503,000	-----

Note: Amounts as estimated and shown in the January 1971 budget document. Some items are indefinite in amount, and thus are subject to later reestimation.

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1971 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1972**

[Note—All amounts are in the form of "appropriations" unless otherwise indicated]

Item (1)	New budget (obligational) authority, fiscal year 1971 (includes supps.) (2)	Budget estimates of new (obligational) authority, fiscal year 1972 (3)	New budget (obligational) authority recommended in the bill (4)	Bill compared with—	
				New budget (obligational) authority, fiscal year 1971 (includes supps.) (5)	Budget estimates of new (obligational) authority, fiscal year 1972 (6)
<b>TITLE I—FOREIGN ASSISTANCE ACT ACTIVITIES</b>					
<b>FUNDS APPROPRIATED TO THE PRESIDENT</b>					
<b>ECONOMIC ASSISTANCE</b>					
Worldwide, technical assistance-----	\$166, 750, 000	<sup>1</sup> \$232, 929, 000	\$150, 000, 000	—\$16, 750, 000	—\$82, 929, 000
Alliance for Progress, technical assistance-----	82, 875, 000	<sup>2</sup> 129, 745, 000	75, 000, 000	—7, 875, 000	—54, 745, 000
International organizations and programs-----	103, 810, 000	<sup>3</sup> 141, 000, 000	41, 000, 000	—62, 810, 000	—100, 000, 000
Programs relating to population growth-----	(4)	(5)	50, 000, 000	+50, 000, 000	+50, 000, 000
American schools and hospitals abroad-----	12, 895, 000	10, 175, 000	17, 200, 000	+4, 305, 000	+7, 025, 000

See footnotes at end of table, p. 45.

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1971 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1972—Continued**

[Note—All amounts are in the form of "appropriations" unless otherwise indicated]

Item (1)	New budget (obligational) authority, fiscal year 1971 (includes supps.) (2)	Budget estimates of new (obligational) authority, fiscal year 1972 (3)	New budget (obligational) authority recommended in the bill (4)	Bill compared with—	
				New budget (obligational) authority, fiscal year 1971 (includes supps.) (5)	Budget estimates of new (obligational) authority, fiscal year 1972 (6)
<b>TITLE I—FOREIGN ASSISTANCE ACT ACTIVITIES—Con.</b>					
<b>FUNDS APPROPRIATED TO THE PRESIDENT—Continued</b>					
<b>ECONOMIC ASSISTANCE—continued</b>					
Indus Basin Development Fund, grants	\$4, 925, 000	\$15, 000, 000	\$7, 500, 000	+\$2, 575, 000	-\$7, 500, 000
Indus Basin Development Fund, loans	6, 980, 000	12, 000, 000	6, 000, 000	-980, 000	-6, 000, 000
United Nations Relief and Works Agency (Arab refugees)	1, 000, 000			-1, 000, 000	
Contingency fund	22, 500, 000	100, 000, 000	30, 000, 000	+\$7, 500, 000	-\$70, 000, 000
Refugee relief assistance (East Pakistan)		6 250, 000, 000	175, 000, 000	+175, 000, 000	-\$75, 000, 000
Alliance for Progress, development loans	287, 500, 000	235, 000, 000	150, 000, 000	-137, 500, 000	-\$85, 000, 000
Development loans	420, 000, 000	400, 000, 000	250, 000, 000	-170, 000, 000	-\$150, 000, 000

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Administrative expenses:					
A.I.D.-----	51,000,000	<sup>7</sup> 60,200,000	54,600,000	+3,600,000	-5,600,000
State-----	4,100,000	<sup>8</sup> 4,555,000	4,255,000	+155,000	-300,000
Subtotal, economic assistance-----	1,164,335,000	1,590,604,000	1,010,555,000	-153,780,000	-580,049,000
MILITARY ASSISTANCE					
Military assistance-----	690,000,000	705,000,000	552,000,000	-138,000,000	-153,000,000
SECURITY SUPPORTING ASSISTANCE					
Security supporting assistance-----	569,600,000	<sup>9</sup> 764,614,000	575,000,000	+5,400,000	-189,614,000
Subtotal-----	2,423,935,000	3,060,218,000	2,137,555,000	-286,380,000	-922,663,000
OVERSEAS PRIVATE INVESTMENT CORPORATION					
Overseas Private Investment Corporation, reserves-----	18,750,000	25,000,000	25,000,000	+6,250,000	-----
INTER-AMERICAN SOCIAL DEVELOPMENT INSTITUTE					
Inter-American Social Development Institute (limitation on obligations)-----	(10,000,000)	(11,000,000)	(-----)	(-10,000,000)	(-11,000,000)
Total, title I, new budget (obligational) authority, Foreign Assistance Act Activities-----	<sup>10</sup> 2,442,685,000	<sup>11</sup> 3,085,218,000	<sup>12</sup> 2,162,555,000	-280,130,000	-922,663,000

See footnotes at end of table, p. 45.

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1971 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1972—Continued**

[Note—All amounts are in the form of "appropriations" unless otherwise indicated]

Item (1)	New budget (obligational) authority, fiscal year 1971 (includes supps.) (2)	Budget estimates of new (obligational) authority, fiscal year 1972 (3)	New budget (obligational) authority recommended in the bill (4)	Bill compared with—	
				New budget (obligational) authority, fiscal year 1971 (includes supps.) (5)	Budget estimates of new (obligational) authority, fiscal year 1972 (6)
<b>TITLE II—FOREIGN MILITARY CREDIT SALES</b>					
Foreign military credit sales-----	\$200, 000, 000	\$510, 000, 000	\$510, 000, 000	+\$310, 000, 000	-----
Military credit sales to Israel-----	500, 000, 000	-----	-----	-500, 000, 000	-----
Total, title II, new budget (obligational) authority Foreign military credit sales-----	700, 000, 000	510, 000, 000	510, 000, 000	-190, 000, 000	-----
<b>TITLE III—FOREIGN ASSISTANCE (OTHER)</b>					
<b>FUNDS APPROPRIATED TO THE PRESIDENT</b>					
Peace Corps-----	90, 000, 000	<sup>13</sup> 82, 200, 000	60, 000, 000	-30, 000, 000	-\$22, 200, 000
Limitation on administrative expenses-----	(31, 400, 000)	(28, 400, 000)	(24, 000, 000)	(-7, 400, 000)	(-4, 400, 000)
<b>DEPARTMENT OF THE ARMY— CIVIL FUNCTIONS</b>					
Ryukyu Islands, Army, Administra- tion-----	6, 736, 000	<sup>14</sup> 4, 564, 000	4, 216, 000	-2, 520, 000	-348, 000

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE					
Assistance to refugees in the United States (Cuban program)-----	112, 130, 000	<sup>15</sup> 144, 103, 000	100, 000, 000	-12, 130, 000	-44, 103, 000
DEPARTMENT OF STATE					
Migration and refugee assistance-----	5, 706, 000	<sup>16</sup> 8, 690, 000	8, 690, 000	+2, 984, 000	-----
FUNDS APPROPRIATED TO THE PRESIDENT					
INTERNATIONAL FINANCIAL INSTITUTIONS					
Asian Development Bank (paid-in capital)-----	20, 000, 000	-----	-----	-20, 000, 000	-----
Inter-American Development Bank:					
Paid-in capital-----	25, 000, 000	75, 000, 000	-----	-25, 000, 000	-75, 000, 000
Callable capital-----	200, 000, 000	136, 760, 000	-----	-200, 000, 000	-136, 760, 000
Fund for special operations-----	50, 000, 000	50, 000, 000	-----	-50, 000, 000	-50, 000, 000
Subtotal, IDB-----	275, 000, 000	<sup>17</sup> 261, 760, 000	-----	-275, 000, 000	-261, 760, 000
International Bank for Reconstruction and Development:					
Paid-in capital-----		24, 610, 000	-----	-----	-24, 610, 000
Callable capital-----		221, 490, 000	-----	-----	-221, 490, 000
Subtotal, IBRD-----		<sup>18</sup> 246, 100, 000	-----	-----	-246, 100, 000

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1971 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1972—Continued**  
 [Note—All amounts are in the form of "appropriations" unless otherwise indicated]

Item (1)	New budget (obligational) authority, fiscal year 1971 (includes supps.) (2)	Budget estimates of new (obligational) authority, fiscal year 1972 (3)	New budget (obligational) authority recommended in the bill (4)	Bill compared with—	
				New budget (obligational) authority, fiscal year 1971 (includes supps.) (5)	Budget estimates of new (obligational) authority, fiscal year 1972 (6)
<b>TITLE III—FOREIGN ASSISTANCE (OTHER)—Continued</b>					
<b>FUNDS APPROPRIATED TO THE PRESIDENT—Continued</b>					
INTERNATIONAL FINANCIAL INSTITUTIONS—Continued					
International Development Association	\$160, 000, 000			-\$160, 000, 000	
International Monetary Fund (Quota increase)	(1, 540, 000, 000)			(-1, 540, 000, 000)	
Total, title III, new budget (obligational) authority, Foreign Assistance (other)	669, 572, 000	\$747, 417, 000	\$172, 906, 000	-496, 666, 000	-\$574, 511, 000
<b>TITLE IV—EXPORT-IMPORT BANK OF THE UNITED STATES</b>					
Limitation on program activity	(\$4, 075, 483, 000) <sup>19</sup>	(\$7, 323, 675, 000)	(\$7, 323, 675, 000)	(+\$3, 248, 192, 000)	
Limitation on administrative expense	(7, 048, 000)	<sup>20</sup> (8, 072, 000)	(8, 072, 000)	(+1, 024, 000)	

Total, title IV, Export- Import Bank of the United States, limitations on use of corporate funds-----	(4, 082, 531, 000)	(7, 331, 747, 000)	(7, 331, 747, 000)	(+3, 249, 216, 000)	-----
Grand total, new budget (obligational) authority, titles I, II, and III-----	3, 812, 257, 000	4, 342, 635, 000	2, 845, 461, 000	-966, 796, 000	-1, 497, 174, 000
Reappropriation of unobligated balances:					
(a) Economic assistance-----	(26, 503, 000)	(25, 149, 000)	(25, 149, 000)	(-1, 354, 000)	-----
(b) Military assistance-----	(6, 300, 000)	(4, 000, 000)	(4, 000, 000)	(-2, 300, 000)	-----
(c) Security supporting assistance-----	(768, 000)	(2, 721, 000)	(2, 721, 000)	(+1, 953, 000)	-----

<sup>1</sup> Includes an increase of \$1,654,000 contained in H. Doc. 92-93.

<sup>2</sup> Includes an increase of \$745,000 contained in H. Doc. 92-93.

<sup>3</sup> Includes \$13,300,000 for UN RWA which was funded in fiscal year 1971 from "Supporting assistance."

<sup>4</sup> In fiscal year 1971, this program was funded at a level of \$100,000,000 mostly from the "Development loan" accounts.

<sup>5</sup> In the fiscal year 1972 budget, this program was proposed to be funded at a level of \$100,000,000 mostly from the "Technical assistance" accounts.

<sup>6</sup> Submitted as a budget amendment in H. Doc. 92-166.

<sup>7</sup> Includes an increase of \$2,600,000 contained in H. Doc. 92-93.

<sup>8</sup> Includes an increase of \$165,000 contained in H. Doc. 92-93.

<sup>9</sup> Includes an increase of \$2,064,000 contained in H. Doc. 92-93.

<sup>10</sup> Unobligated balances as of June 30, 1970, reappropriated.

<sup>11</sup> Unobligated balances as of June 30, 1971, requested to be reappropriated.

<sup>12</sup> Unobligated balances reappropriated.

<sup>13</sup> Includes an increase of \$11,000,000 contained in H. Docs. 92-93 (\$1,100,000) and 92-122 (\$9,900,000).

<sup>14</sup> Includes an increase of \$114,000 contained in H. Doc. 92-93.

<sup>15</sup> Includes an increase of \$103,000 contained in H. Doc. 92-93.

<sup>16</sup> Includes an increase of \$40,000 contained in H. Doc. 92-93.

<sup>17</sup> Includes an increase of \$211,760,000 contained in H. Doc. 92-149.

<sup>18</sup> Submitted as a budget amendment in H. Doc. 92-149.

<sup>19</sup> Includes an increase in limitation of \$3,690,735,000 contained in H. Doc. 92-175.

<sup>20</sup> Includes an increase in limitation of \$373,000 contained in H. Doc. 92-93.